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THE CHICAGO STRIKE.

BY CARROLL D. WRIGHT, LL.D., UNITED STATES COMMISSIONER
OF LABOR.

The great strike which occurred at Chicago in June and July last was an epochal event in the labor movement and the industrial development of the country. The object of this paper is to call attention to the influence which that strike is exerting in emphasizing certain principles now recognized as essential in the government, management, and operation of railroads. The strike was not constructive of new principles nor destructive of those existing. It demonstrated the right and the power of the federal government, while not interfering in the operation of strikes themselves, to send its troops into a state for the purpose of protecting federal interests. It has crystallized public sentiment upon a question which has often been argued, that relating to the quasi-public character of railroad employes. The country now recognizes the necessity of considering railroads as representing not only their own interests, but the interests of the public; and there must be some means by which railroad employes shall, to a degree, assume the status of quasi-public servants. The stability of transportation, the stability of business in securing constant delivery of supplies, etc., demand some such measure. It is in line with the declaration contained in the act to regulate commerce, passed in 1887, which is state socialistic in its nature, because it attempts, to a certain extent, to control the railroad interests of the country. The further attempt to pass the pooling bill is more deliberately state socialism, because it creates a great freight trust, with the federal government as a trustee. The interstate commerce act makes the declara-

tion that all charges made for any service on interstate roads shall be reasonable and just, and every unjust and unreasonable charge is declared to be unlawful. This was not a declaration of a new principle, but it was the crystallization of an old principle into federal legislation, while the proper machinery for carrying it out was established. The pooling bill extends this principle and constitutes the most compulsory of compulsory arbitration; but it is in line with the declared policy of the federal government as indicated by the interstate commerce act and the act relative to arbitration in labor controversies, passed October 1, 1888. The pooling bill is being pressed in the alleged interests of shippers.

One of the objects of the paper is to show that the same principles should be extended to the working men, and the declaration made that wages and conditions of employment, as well as charges for freight, should be reasonable and just, and that if there is a silent revolution going on it is the revolution caused by the railroads in demanding such legislation as that contained in the pooling bill, and that the arbitration bill is an insignificant part of such a revolution. They all involve, more or less, the government control of railroads, into which the railroad interests themselves, and not the working men, are driving the government. The government has a right to a voice in the adjustment of wages and conditions of employment on railroads, in order to place the railroad employes on a par with railroad employers in conducting the business of transportation. The pending arbitration bill, which provides for the submission by agreement of all differences relating to the terms and conditions of employment to a properly constituted tribunal, would place the employes in the position of quasi-public servants, amenable to the public as well as to

their incorporated employers. This movement has been characterized in some quarters as socialistic. If it is, the pooling bill and the original interstate commerce act are far more socialistic.

The prosperity of railroads is an absolute necessity upon which depends largely all business stability, and every reasonable means which can prevent disaster should be considered, and one of the very best means is the establishment of the status of railroad employes as quasi-public servants. The enactment of an arbitration law would place the employes of railroads upon a sound business basis and would recognize their capacity to conduct properly their own business in connection with that of their employers. Arbitration cannot settle labor troubles, but by it they can be reduced in number and severity.

The experience of the American government, which has adopted more socialistic elements than any other, is a sufficient guaranty of the conservative embodiment in labor legislation of the best ascertainable methods on which the majority of men can unite, not as partisans in the interest of labor or capital as such, but as patriots endeavoring to secure freedom from strikes, riots, intimidations, and violence of all kinds, which must of necessity be condemned by all right-minded men.

The declaration of the paper is against state socialism, against compulsory arbitration, and against federal ownership of the roads, and yet the principles involved might also involve an extension or an adaptation of some of the elements which might be classed as belonging to the three rejected rules or principles.

Discussion.

Mr. Edward Atkinson: There is no element in the cost of living which was so much reduced after 1865 until the enactment of the interstate commerce act, as the cost of railway transportation. This act, coupled with the effort to put the states in control of railways, has substantially stopped their construction. An effort is being made to overcome the evils of this act by permitting pooling. Pooling was one of the alleged evils which the act was intended to remedy. Now the members of the Commission have come to the conclusion that pooling was in the line of progress. It is the competition of product with product in the great markets of the world that controls the railway service, and compels every corporation to reduce its rates to the lowest terms. Any interference with that competition works mischief.

There is no other branch of industry in which the lessening price of the service has been accompanied with a greater advance in the rates of wages of those who do the work. That was also in the line of progress. But the interstate commerce act brought confusion into the service and has almost stopped the investment of capital. The state of Texas offers a conspicuous example of the mischief which may be done by interference. It has an area of two hundred and seventy-five thousand square miles and has less than ten thousand miles of railway, a very large part in bad condition. Other Southern states are in the same condition. Yet under the silver craze and the attempt to regulate the price of railway service by law, there is no remedy. The common sense of the country is gradually being aroused and will presently demand the removal of these legislative obstructions to the progress of the community.

Mr. James L. Cowles : In many instances, in Connecticut, non-interference of the state has not resulted in a reduction of railway fares. The fare from New Haven to New York is the same to-day that it was in 1850; from Bridgeport there has been an actual increase of fifteen cents; from Hartford of five cents, and from Boston of fifty cents.¹

Mr. Atkinson : How is it with freights?

Mr. Cowles : Freight rates are somewhat lower but they are still much too high and the power of the Consolidated railway to determine these transportation taxes makes it the governing power in our state.

One other point. Mr. Atkinson says the extension of the railway system has stopped. In Connecticut it has begun anew. The tramways are railways, and, in 1893, almost the entire time of the legislature was devoted to handing over our *public highways to these private monopolies*. Competition between public transportation agencies always ends in combination and nothing less than the public ownership of these essentially public works can, I believe, save the public from the absolutely despotic government of one great private transportation company that will, at no distant day, absorb all the rest.

¹Fifty years ago it cost only \$2.50 to go from New York by rail to Pittsfield, Lenox, Lee, Stockbridge and Canaan, while the rates to-day are to

Pittsfield	\$3	25	
Lenox	3	25	
Lee	3	25	
Stockbridge	3	25	
Canaan	2	70	
Bridgeport to			
	1850.	1894.	
Pittsfield	\$2 00	\$2 75, increase	.75.
Lenox	2 00	2 60, "	.60.
Lee	2 00	2 50, "	.50.
Stockbridge	2 00	2 35, "	.35.
Canaan	2 00	1 85, reduction	.15.
Fall Village	2 00	1 70, "	.30.

Mr. Atkinson: The extension of the tramways has not yet been interfered with by the state. When it is it will stop.

Mr. Cowles: The extension of the great railway lines stopped, in New England, only when the essential needs of the people for such lines were satisfied and most of them would have never been built except for the *generous "interference"* of the state.

The extension of the tramways will never be stopped until the public demands are satisfied unless it is checked by the greed of other rival private corporations.

Dr. Emory R. Johnson: Col. Wright's paper has a good deal to say about the very present question of pooling. Is there any new principle involved in the pooling bill that has just passed the House? I should infer from Col. Wright's paper that he considers a new principle to have entered into legislation, a principle that is carrying us further toward state socialism. As I interpret the matter there is nothing new in legislation on pooling. We are not drifting further toward state socialism, but rather away from state socialism. Under the common law the government had the right to insist upon railway charges being reasonable and just. The interstate commerce act was intended simply to help the government carry out this idea. At that time it was supposed that under a régime of competition as free as can be maintained the government could enforce the principle that rates should be reasonable and just. Experience has sufficiently shown that this was an error; that under free competition it is more difficult to maintain just and reasonable rates than under a system of partial control of competition. Pooling is one device for keeping ruinous competition in check. It is not a step towards state socialism but towards intelligent in-

dividualism, towards allowing corporations, as such, to help the government keep charges reasonable and just. We must divest ourselves of the thought that charges are unreasonable only when they are high. They may be unreasonable and unjust when they are unduly low. The interests of the public and the interests of the railways are in the long run the same. Under pooling we are simply enabling the government better to exercise the powers which it has always had.

Professor E. W. Bemis: Few are aware that, if the American Railway Union had not boycotted Pullman cars and had continued to grow, the officers expected to boycott, from time to time, such other enterprises as would not otherwise deal with their men as the latter considered right. If the coal miners, for example, could not keep up their wages, there was to be a refusal, by all railway workers, to haul the coal. From some personal acquaintance with the leaders of the American Railway Union, before the Pullman strike was thought of, I believe that they did not contemplate violence or a long strike, for which one dollar a year dues were no preparation. Rather by virtue of these low dues and some other attractive features was it hoped to soon have in the Union nearly all the 900,000 railway workers of the country, who could quickly bring the corporations to terms by peacefully and simultaneously quitting work from the Atlantic to the Pacific. The sympathetic strike was considered the most unselfish and defensible of all strikes.

Public opinion, however, has been shown so much opposed to railroad strikes as to render them more and more unlikely of success and even legally dangerous to their leaders. Society must now devise some protection to the men in place of the strike, for undoubtedly strikes

and the fear of strikes, despite very many and grave evils, have often benefitted labor. So we are forced to take up the question of the legal adjustment of the relations between capital and labor on railways.

Then, I think, the Chicago strike has brought forward very prominently the ethical idea of the great responsibility to the community of capitalists like Mr. Pullman, even in the case of so-called private business.

Professor Richmond Mayo-Smith: The important point in Col. Wright's paper which it seems to me he did not altogether explain, is the question whether the regulation of wages by the government is precisely the same thing, or of the same character, as the regulation of rates. Is there no difference between the government regulating rates and the government securing to railway employé's reasonable wages? I cannot see that Col. Wright has taken pains to prove that adequately. It is a very vital point. If it is true that because the government has regulated freight rates the next step in the same direction will be the regulation of wages, it is very important for us to understand it. But if on the other hand there *is* a difference between the regulation of freight charges and interference with or regulation of the contract between a railway and its employé's, that is a very important distinction for us to understand.

I think as economists we must work that out clearly. I must confess I think there is a difference. I think that when I board a street car here and am obliged to pay only five cents fare, the rate being regulated by the charter of the street railway company, that is a reasonable provision which the government has made. On the other hand, I think there is a difference between establishing a five cent fare and the city or state coming in and saying to the street car company that it must

pay its drivers or its conductors two dollars a day. I think the one is a necessary and reasonable regulation. The other would be much more difficult to sustain as a necessary and reasonable regulation. Of course I only give my view of the matter. What I am after is this: that it is very necessary for us to work that out thoroughly, and it is not until we have adjusted that question, which in my opinion is not decided for us in Col. Wright's paper, that we can come to a conclusion.

Professor Arthur T. Hadley: In looking over some newspapers of 1835 I was impressed by the fact that most of the things that Col. Wright has said about the social revolution that is now going on, were said then, and that in the opinion of the men of that time, there was already a movement in the direction of "state socialism." Undoubtedly there has been such a movement, then and now; but there also is a counter-movement going on simultaneously. Among the emotional men you will find an undercurrent in the direction of state socialism, and among the hard-headed men an undercurrent in the other direction. Sometimes the business men get too great power, and then they stir up a reaction that brings the socialistic current to the surface. Sometimes the government gets too much power, and then it provokes a reaction and the hard headed men get their own way again. Thus, we have many *movements* in both directions, but very little general *movement* either way.

Colonel Wright: The idea of a silent revolution did not originate with me. It originated in the mind of Mr. Carl Schurz in an editorial in *Harper's Weekly*, entitled "Revolutionary Statesmanship," in which he sharply criticised the Chicago strike report. The motive of my paper has not been recognized fully, I see. There

was some irony in it. If there is any state socialism going on under national legislation to-day, the railways and corporations are carrying it out, and they are doing it in the alleged interests of shippers, with great magnanimity on their part.

I also meant to show that if there was to be any silent revolution, labor wanted a little bit of a share in it. There should be competition all along the line; the competition of supply of labor should not be killed by killing the competition of demand by great trusts which limit the demand for labor while the supply constantly increases. At present this law is artificially destroyed in some respects, by what our friend Mr. Atkinson would call the over-restrictive work of legislation. I would be as glad as any man if all restriction upon labor, business, production, everything, could be done away. But so long as government puts restrictions on one side and grants rights and privileges, it should do a little something on the other side.

There has been no new declaration of principle by the Act to Regulate Commerce. I stated that distinctly.

The point which Professor Mayo-Smith brought out is the very one I would like to have discussed—the difference in regulating freight rates and wage rates. I said I thought I recognized the distinction which you of the Economic Association would make between the regulation of freight rates and the adjustment of wage rates. If freight rates are to be regulated to the fullest extent by the most compulsory machinery which our government has attempted, as arranged under the pooling bill, then I submit that the very principle involved in that regulation should be carried to other things which affect like business. The point I make is that federal legislation, if it is to take into its control the business

of freighting, by one great trust, ought to complete its system by bringing labor into the arrangement as well as the railways and shippers. I say further that this very legislation by the federal government, instead of being, as I have characterized it, a step into state socialism, may be one out of it. I would rather have it that way. (If, as some claim, we are legislating the railroads out of state socialism, let us legislate labor out of state socialism as well.

THE UNEMPLOYED.

BY DAVIS R. DEWEY, PH.D.,

Professor of Economics and Statistics at the Massachusetts Institute of Technology, and Chairman of the Massachusetts State Board appointed to Investigate the Subject of the Unemployed.

The development of the present phase of the problem, "The Unemployed," has been a rapid one. Whether the number of the unemployed be greater than formerly or not, the problem is assuming new importance throughout Europe, Australia, and this country. Extraordinary measures of emergency relief have been set in motion, not only in England, but in Germany and Australian cities.

In Massachusetts a State Commission was authorized by legislative act in the early summer and this Board will report upon the following subjects: 1st. The emergency relief measures of 1893-4, particularly in Massachusetts; 2d. The possibility of adjusting the demand and supply of labor through public employment bureaus; 3d. The demand and supply of farm labor; 4th. Public relief works and direct employment by municipalities; 5th. Separation of the tramp class from